THE INTERNATIONAL TRADE CENTRE

Silk garment manufacturers in Thailand, coffee traders in Papua New Guinea, hat makers in Ecuador, fishermen in Mauritania, tractor firms in China, spice producers in the United Republic of Tanzania, flower growers in Malaysia, sisal twine companies in Madagascar, courgette farmers in Jordan, shrimps suppliers in Costa Rica—all have seen their exports increase, thanks to a small organization, the International Trade Centre UNCTAD/GATT (ITC).

ITC is a trade promotion body jointly sponsored by two organs established to further international trade—the General Agreement on Tariffs and Trade (GATT) and the United Nations Conference on Trade and Development (UNCTAD).

Small and medium-sized enterprises in many developing countries have been able to trade more profitably in the highly competitive international market through the work of ITC. The result has been a boost not only to the individual businesses but also to the economic development of their countries as a whole.

PACKAGE OF SERVICES

The Centre helps developing countries to expand their foreign trade. It does so by a variety of means:

- advising Governments on national trade promotion strategies, institutions and services, so that they can support the export efforts of the business community;
- helping businesses find openings for their exports and market their products effectively;
- advising firms on adapting and developing new products for export;
- working with import organizations to improve their foreign purchasing operations and techniques; and
- training business managers and trade promotion officials in the methods of export and import trade.

ITC's work is therefore of a practical and technical nature, focusing on export and import business development in developing countries.

ITC's enterprise approach is an important feature of these technical co-operation activities. The Centre works with selected firms in developing countries to draw up international business development plans, which outline a company's export goals and the steps required to fulfil them. It arranges for specialists to solve problems that arise in carrying out the plans, through advice and training in such aspects as product development, design, quality control, production systems, management techniques, marketing strategies, trade-fair participation and buyer contacts.

This package of assistance is provided on a continuous basis for a set span of time, and the export marketing results are measured periodically. The approach is of interest not only to the enterprises, which can expand their export sales as a result, but also to importers in the major markets, who are brought into contact with new sources of supply.

Assistance is also provided at the national level, for example in setting up export promotion institutions. "We have been instrumental in establishing some 100 institutions of this type," says ITC Executive Director Göran Engblom, of Sweden. "We have also started to work with other institutions involved in one way or another in the promotion of exports. Examples are chambers of commerce, packaging institutions, quality control organizations and development banks." For instance, ITC is helping to set up a trade information network among chambers of commerce in developing countries throughout the world to promote increased trade among these countries.

BROAD PRODUCT RANGE

ITC seeks to expand both traditional and non-traditional exports of developing countries,

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consisting of agricultural products (commodities) and manufactured goods.

Concerning commodities, Mr. Engblom says: "We have witnessed a very rapid development in this activity. Today we are trying to develop an integrated approach for a given commodity. Some of the product areas we are presently working on are cocoa, coffee, cotton, tropical timber products and vegetable oils." ITC activities include identifying export openings, formulating strategies for market entry, carrying out promotional campaigns, promoting supply and demand link-ups, developing new export products, advising on packaging and quality control, and arranging training.

For some agricultural products, developing-country exporters have problems in following price, supply and demand movements and other changes in the market. To help them, ITC operates a market news service for key products. Participants in the service regularly receive data, via telex, telefax, computer and airmail, on prices and market trends in all of the main import markets in Asia, North America and Europe. Over 500 subscribers in some 90 countries receive this information and disseminate it to tens of thousands of end-users. The service covers approximately 200 products, from mangoes to goat skins.

In addition to agricultural products, ITC promotes exports of manufactured goods. It places emphasis on adapting existing products or developing new ones, to meet the demands of markets. The products it works with range from silk scarves to heavy equipment and machinery.

Here are examples of how agricultural machine producers in Argentina, China and Zimbabwe are benefiting from ITC activities. Participating enterprises in Argentina increased exports 65 per cent in 1990 as a result of sales to new markets in Central America. Chinese enterprises started to sell small tractors in Eastern Europe and strengthened their sales in Thailand and Pakistan. Zimbabwe's firms improved their exports to existing markets by 100 per cent and began to sell for the first time to new markets, in Turkey, Egypt, Botswana and Zambia.

As part of this export development work, ITC helps firms in developing countries to find joint venture partners in Europe and the United States for agreements on technology transfer, subcontracting and marketing. "We are presently working with some 180 enterprises in Asia to identify their needs for co-operative agreements with enterprises in foreign countries," says Mr. Engblom. "We then proceed to identify suitable partners."

So far 150 enterprises have been selected for joint venture match-ups, and possible partners have been identified for nearly 100 of them. Another project to promote joint ventures between three Latin American countries and Spain is under way.

In addition to promoting exports of commodities and manufactures, ITC seeks to stimulate the export of technical advice. "We have moved into the area of export of technical consulting services as we became aware that some 15 to 20 developing countries are capable today of exporting some type of such services," Mr. Engblom says. "This situation is extremely interesting, because it shows that economic development is now progressing very rapidly in a number of developing countries. If you look back, say, 20 years, you could not find one single developing country capable of exporting these types of services to any significant extent."

IMPROVING IMPORT PRACTICES

The Centre also seeks to improve import practices. ITC estimates that over 20 per cent of the foreign exchange spent by developing countries on import operations is lost because of inefficient import methods. "We are trying to assist those countries to rationalize their imports," Mr. Engblom says, "for instance by simplifying their import rules and regulations, by improving their procurement systems and by identifying new sources of supply. It is a very important programme, because a dollar

saved on imports equals a dollar earned on exports.''

For example, a Government in Africa estimated that several tens of millions of dollars had been saved on import costs as a result of an ITC import project in the country.

TRAINING

''Another area in which we have witnessed considerable development is training,'' Mr. Engblom says. ''Human resource development has always been and will always be one of our main programme areas. In 1990 ITC trained approximately 5,000 persons. There is another element which has gradually come into the picture, and that concerns assistance to the developing countries in building up their own training institutions. Linked with this are activities aimed at training the trainers. This is an element which will grow in importance as we move ahead into the 1990s.''

LEAST DEVELOPED

A special ITC programme seeks to stimulate the exports of the least developed countries. The Centre allocates to them one third of its technical co-operation resources.

''We currently have technical co-operation activities at the national level in over 20 of the least developed countries. In some of these countries we have more than one project. The least developed countries are also involved in our regional and interregional activities,'' Mr. Engblom says. ''In the short term, we can help increase earnings from the export of basic commodities and other products. We are working with developing countries to export these products, and are also helping them in further processing the products to increase their value.

''In the longer term, it is necessary to help the least developed countries to develop new products for export where they have a comparative advantage. One such area may be in agro-based industries,'' he says. ''We can also assist in building up the necessary export infrastructure, provide assistance in training and advise in their import operations.''

SPECIAL ISSUES

In its trade promotion work, ITC gives special attention to some of the major issues facing the international community today. In environmental matters, for instance, it is promoting exports and imports of products that are environmentally safe. Concerning the participation of women in the development process, ITC has defined a technical co-operation strategy for the increased participation of women entrepreneurs in international trade. Rural development through increased export earnings from agro-based business activities in developing countries is also of special concern to ITC.

A JOINT VENTURE

Created by GATT in 1964, ITC has since 1968 been a joint subsidiary organ of GATT and the United Nations, the latter acting through UNCTAD. Based in Geneva, ITC has a staff of approximately 270 at its headquarters and 130 in the field (including technical co-operation personnel), as well as around 800 consultants assigned to projects in developing countries each year.

ITC's regular budget is contributed in equal parts by the United Nations and GATT. Its technical co-operation programme is financed primarily by the UN Development Programme and by voluntary contributions from some 20 Governments. In 1990 ITC's regular budget came to around $15 million, while its technical co-operation budget totalled approximately $35 million.

GETTING RESULTS

ITC's work has yielded impressive results. The increase in developing countries' business and government personnel with expertise in trade pro-

motion and international marketing is directly related to the fact that in the past 26 years ITC has trained a large number of people in these countries and has advised them in specific aspects of their foreign trade operations. The growth of national trade promotion organizations in all regions can be credited to ITC's persistent encouragement of such institutions as important to success in developing exports. Likewise, the strengthened trade promotion role of business organizations such as chambers of commerce in developing countries reflects ITC's work with such groups. In many countries a greater awareness of the importance of trade promotion can also be attributed to ITC activities.

ITC has also encouraged industrial countries to set up import promotion offices to stimulate exports from developing countries into their markets. The Government of the Netherlands established the first office in 1971, followed by the United Kingdom in 1973 and Sweden in 1974. Other Governments followed suit, and there are now 23 such offices. ITC works closely with them to support the trade promotion activities of developing countries.

OBSERVING MEGATRENDS

The trends of international trade shape the work of the Centre. "Structural changes in world trade will continue during this decade," Mr. Engblom says. "Technological innovations are widening the range of goods and services traded internationally, both through the development of new tradable goods and services and through advances in transport and communication. Agreements among firms from different countries for joint production, the sharing of marketing technology and mergers are multiplying. As a result, international trade is increasingly influencing the overall performance of the economy in most countries.

"Western Europe, North America and Japan will continue to be the main markets for developing countries in the 1990s. However, this decade will see the emergence of new markets. Other East and South-East Asian countries as well as Eastern European countries will become more significant markets for developing countries, and the recent trend towards increased South-South trade is likely to accelerate."

Manufactured products will be more and more important, Mr. Engblom adds. "World demand for manufactures has been the most dynamic element of world trade in the 1980s, and all indications point to a continuation of this trend. Imports into the major industrial countries of manufactures from developing countries increased at an annual rate of 20.6 per cent between 1983 and 1987. By 1993, manufactures are forecast to account for three quarters of total imports into the developed market economies.

"I expect that in the 1990s an increasing number of developing countries will move into more sophisticated product areas. Exports of manufactured products from the developing countries have increased rapidly. While it is true that four or five countries account for the majority of this increase, in the 1990s we will see a growing number of countries moving in the same direction. We are already witnessing a second wave of developing countries exporting manufactured products, for instance in the South-East Asian region and certain Latin American countries. This development will require ITC to make sure that we have the capacity to serve developing countries in these new areas."

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